

**LIVESTOCK SERVICES REVOLVING FUND**

**FINANCIAL STATEMENTS**

**March 31, 2008**



SASKATCHEWAN

## Provincial Auditor Saskatchewan

1500 Chateau Tower  
1920 Broad Street  
Regina, Saskatchewan  
S4P 3V2

Phone: (306) 787-6398  
Fax: (306) 787-6383  
Web site: [www.auditor.sk.ca](http://www.auditor.sk.ca)  
Internet E-mail: [info@auditor.sk.ca](mailto:info@auditor.sk.ca)

### AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Livestock Services Revolving Fund as at March 31, 2008 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations, and changes in accumulated net recovery for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
June 24, 2008

Fred Wendel, CMA, CA  
Provincial Auditor

**LIVESTOCK SERVICES REVOLVING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current Assets:		
Accounts receivable	\$ 418,796	\$ 523,100
Accumulated net recovery (Statement 3)	\$ 403,828	\$ 343,022
	<u>\$ 822,624</u>	<u>\$ 866,122</u>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 371,167	\$ 492,060
Unearned revenue	3,175	1,175
	<u>374,342</u>	<u>493,235</u>
Fund Equity:		
Accumulated operating surplus (Statement 2)	448,282	372,887
	<u>\$ 822,624</u>	<u>\$ 866,122</u>

(See accompanying notes to the financial statements)

**LIVESTOCK SERVICES REVOLVING FUND**  
**STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS**  
**For the Year Ended March 31**

	<b>Budget 2007-08 (Note 6)</b>	<b>2008</b>	<b>2007</b>
<b>REVENUES</b>			
Livestock inspection fees	\$ 3,105,000	\$ 3,189,800	\$ 3,185,014
Less: Commissions	<u>53,300</u>	<u>49,716</u>	<u>50,063</u>
Net inspection fees	3,051,700	3,140,084	3,134,951
Registered livestock brands	162,100	143,200	150,025
Livestock dealer licences	38,800	39,600	41,500
Administration fees	43,300	42,318	40,000
Game farm inspection fees	15,000	12,635	10,350
Centennial Brand Books	-	-	4,845
Subsidy-Ministry of Agriculture	-	300,000	-
Other revenue	<u>800</u>	<u>1,846</u>	<u>2,516</u>
Total Revenues	<u>3,311,700</u>	<u>3,679,683</u>	<u>3,384,187</u>
<b>EXPENSES</b>			
Salaries and benefits	2,686,500	2,935,582	2,775,503
Travel	408,500	392,849	426,172
Stationery	87,300	61,945	17,409
Telephone	71,500	58,651	62,143
Training and general consulting	40,700	32,475	35,092
Rental of office space and equipment	107,500	83,397	91,884
Other	<u>49,300</u>	<u>39,389</u>	<u>24,641</u>
Total Expenses	<u>3,451,300</u>	<u>3,604,288</u>	<u>3,432,844</u>
Net Income (loss) from operations	<u><u>\$ (139,600)</u></u>	75,395	(48,657)
Accumulated operating surplus, beginning		372,887	421,544
Accumulated operating surplus, end of year (to Statement 1)		<u><u>\$ 448,282</u></u>	<u><u>\$ 372,887</u></u>

(See accompanying notes to the financial statements)

**Statement 3**

**LIVESTOCK SERVICES REVOLVING FUND  
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY  
For the Year Ended March 31**

	<u>2008</u>	<u>2007</u>
Financing required for (provided by) operating activities:		
Net income (loss) from operations	\$ 75,395	\$ (48,657)
Net increase in working capital items related to operations (Note 5)	<u>(14,589)</u>	<u>(6,354)</u>
	60,806	(55,011)
Net decrease (increase) in financing requirements	60,806	(55,011)
Accumulated net recovery, beginning of year	<u>343,022</u>	<u>398,033</u>
Accumulated net recovery, end of year (to Statement 1)	<u><u>\$ 403,828</u></u>	<u><u>\$ 343,022</u></u>

(See accompanying notes to the financial statements)

**LIVESTOCK SERVICES REVOLVING FUND  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2008**

**1. Authority and Definition**

The Livestock Services Revolving Fund was established in 1996 pursuant to Section 17.1 of *The Department of Agriculture, Food and Rural Revitalization Act* (Act). The purpose of the Revolving Fund is to operate the livestock inspection program, the brand registration program and the livestock dealer licensing program. The Revolving Fund provides administrative services to the Cattle Marketing Deductions Fund and the Horned Cattle Fund pursuant to subsection 17.1(4)(d) of the Act.

**2. Significant Accounting Policies**

The financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery (Expenditure) and Note 5. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes, net capital acquisitions and net cash flows from operations.

b) Accumulated Net Recovery (Expenditure)

The accumulated net recovery (expenditure) of the Revolving Fund includes the following:

- i) the net increase (decrease) in financing requirements for each fiscal year; and
- ii) the book value of assets acquired or disposed of at no charge from/to another government agency.

c) Revenue

Livestock Inspection fees and commissions are recognized when the livestock are inspected prior to sale.

Registered livestock brand revenues are recognized when the brands are issued.

Livestock dealer licence revenues are recognized when the licences are issued.

Administration fees are recognized as revenue when the services have been provided.

Game farm inspection fees are recognized when the services outlined in the agreements between the Revolving Fund and the Ministry of Agriculture are provided.

**3. Authorized Financing**

Subsection 17.1(12) of *The Department of Agriculture, Food and Rural Revitalization Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding, to be set by Order in Council. The maximum accumulated net recovery (expenditure) of the Revolving Fund is \$1,500,000.

**4. Accumulated Operating Surplus/Deficit**

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/deficit as \$1,000,000.

**5. Net Change in Working Capital Items Related to Operations**

	<u>2008</u>	<u>2007</u>
Decrease (increase) in accounts receivable	\$ 104,304	\$ (74,427)
(Decrease) Increase in accounts payable and accrued liabilities	(120,893)	67,498
Increase in unearned revenue	<u>2,000</u>	<u>575</u>
	<u>\$ (14,589)</u>	<u>\$ (6,354)</u>

**6. Budget**

The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

**7. Related Party Transactions**

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	<u>2008</u>	<u>2007</u>
Financial statement category:		
Revenues	\$ 354,953	\$ 52,847
Expenses	334,232	303,365
Accounts payable and accrued liabilities	27,289	27,280
Accounts receivable	5,667	6,088

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by the various ministerial appropriations and therefore no provision for such costs is reflected in these statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

#### 8. Amount Recorded in Public Accounts

The net recovery (expense) of the Revolving Fund reported in the Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	<u>2008</u>	<u>2007</u>
Net income (loss)	\$ 75,395	\$ (48,657)
Amounts not included in Public Accounts due to timing	<u>103,222</u>	<u>(105,682)</u>
Net recovery (expense) reported in the Public Accounts	<u>\$ 178,617</u>	<u>\$ (154,339)</u>

#### 9. Financial Instruments

##### a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.



b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. However, most of the receivables were collected shortly after year-end, reducing its credit risk.

c) Fair Value

Accounts receivable and accounts payable and accrued liabilities are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery (expenditure) has been omitted because it is not practicable to determine the fair value with sufficient reliability.

